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IS COOPERATIVE MARKETING OF HORTICUL-
TURAL PRODUCTS APPLICABLE TO
ILLINOIS CONDITIONS?¹

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Cooperative marketing makes it possible to gather together the products of many small growers and to ship these products to distant markets in straight carload lots. The grading and packing are supervised by the organization rather than by the individual producers. Thus a large volume of product packed in definite and uniform grades can be placed on the market.

Under present market conditions, a standardized product that can be offered in large volume sells much more readily and at better prices than miscellaneous lots packed according to various individual standards; and furthermore the standardized product is much more satisfactory to the consuming public.

In a growers' cooperative marketing organization, each grower receives the full benefit of the advantages derived from large-scale operations and favorable trade connections made possible by the organization. The individual grower is protected against unusual losses due to low sales on any particular car; for in a cooperative marketing organization, each grower receives the same price for the same grade of goods shipped during a given period, regardless of whether the product he furnished happened to be in a car that was shipped to an especially favorable or less favorable market, or whether some accident befell a given car. A member of such an organization is also protected from exploitation by unscrupulous dealers and is sure of an outlet for his crop. He is not constrained to accept an

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offer for fear he will not receive another, or to consign his goods to an uncertain market as may become necessary when an individual is acting alone.

Cooperative marketing has been successfully practiced in both Europe and America for a number of years. The eggs, butter, and bacon exported from Holland and Denmark have been handled very largely by cooperative organizations composed of the farmers who kept the hens, milked the cows, and raised the pigs. These organizations made it possible for the owner of a dozen hens or one cow or one pig to market his product to as good advantage as if his output had been one hundred times as great.

COOPERATIVE MARKETING IN VARIOUS STATES

In America, probably the most striking example of successful cooperative marketing is the work of the California Fruit Growers Exchange, which handles a large proportion of the oranges and lemons produced in California. This organization has established definite systems of grading and packing. It has advertised its product to the consuming public for the past ten years. It maintains personal representatives in all the principal markets of the United States and Canada, who sell the fruit directly to local jobbers and keep the home office advised regarding market conditions. For several years the cost to the grower for having his fruit marketed by this exchange has been less than 3 percent on gross sales, and there have been practically no losses due to bad debts and no rejection of cars, even tho the grower is two or three thousand miles away from the man who buys his fruit.

Other organizations of California growers which operate on lines similar to the California Fruit Growers Exchange are the California Fruit Exchange, the California Walnut Growers Association, and the California Almond Growers Exchange. For several years preceding the formation of these organizations the growers did not prosper; they produced good crops but were unable to market them to advantage. Under the new system of marketing, however, the returns to the growers have been satisfactory and the respective industries are in a prosperous condition.

California, however, is not the only American state in which fruit growers' cooperative marketing organizations have prospered. The Neosha Fruit Growers' and Shippers' Association of Neosha, Missouri, was organized fully twenty years ago and is still in active operation. The Ozark Fruit Growers' Association, operating in southwestern Missouri and northwestern Arkansas, has been successfully marketing the products of its members for the last thirteen years. The Warren County Strawberry Growers' Association, of Kentucky, has

been handling the strawberry crop of that region for about ten years. The Eastern Shore of Virginia Produce Exchange has been in successful operation for a long time. Peach growers have organized for marketing purposes in Georgia and Ohio. There are a number of cooperative organizations among fruit growers in Michigan. The grape growers of the Lawton district in Michigan have been especially successful since they organized.

Other organizations might be mentioned, but these serve to illustrate the fact that growers' cooperative marketing organizations are in successful operation in Missouri, Kentucky, Ohio, and Michigan—states in which the conditions surrounding fruit growers are presumably not much different from those existing in Illinois.

ILLINOIS SHIPPING ASSOCIATIONS

Let us now consider the marketing methods prevalent among fruit growers and truck farmers in the state of Illinois. There are in southern Illinois a number of local shipping associations composed of truck growers who have a variety of products to market in relatively small quantities. By combining their shipments, straight or mixed cars can be loaded. The chief functions of the shipping associations in Illinois are the securing and loading of cars and the billing of them to a general consignee located in Chicago. Each individual grower grades and packs his products in any way he may see fit, and consigns them to any commission man in Chicago he may select. Thus in the same car there may be shipments from a number of growers, consigned to as many different commission men. Each lot of goods retains its identity. The general consignee, who receives the car, unloads it and sorts out the goods designated for each commission man. Each lot of goods is sold separately, and account sales are rendered by the commission man directly to the individual grower. The association exercises no supervision over grading or packing and has nothing to do with the selling of the product. It is merely what its name implies, a shipping association, and the chief advantage it secures for its members is a lower freight rate than would apply to small shipments made by individuals acting separately. Such organizations have afforded an outlet for whatever each truck grower produced, regardless of what others were shipping. Their existence has fostered diversity in production and also extreme diversity in grading and packing.

DISADVANTAGES OF DIVERSIFICATION

Diversity in production is normally looked upon as advantageous to a community; but it is possible to carry diversification too far. The scattering of a man's interests and energies over a wide range of

crops, each produced in small quantities, is not an economical method of production; and the shipping of a wide range of crops in relatively small quantities is not an advantageous method of supplying the general markets of the country with food products. It would be much better for the trucking interests of southern Illinois if the growers tributary to each shipping point would select a limited number of important crops, and direct their attention to the production and marketing of those particular crops. If this were done, it would be possible to establish definite systems of grading and packing, to ship straight carload lots of known quality, and to reach markets other than Chicago. The establishment and maintenance of definite standards of grading and packing would make it possible to combine the products of various growers and to sell a uniform product in large quantities.

SUPERVISION OF GRADING AND PACKING

The most feasible way of selling the product in large quantities to best advantage to the growers would be thru a cooperative organization of the growers themselves. Such an organization could hire a field expert to go about among the members during the growing season and advise with them regarding the best methods of producing a high-grade product in the crops selected for commercial production by the given association. This same expert could give instruction and demonstrations on grading and packing at the opening of the shipping season for each crop, and have general supervision of the packing operations thruout the season. With such a system in operation, combined with a limited amount of inspection at the shipping point and the stencilling of each grower's packages with an identifying mark, it would be feasible to pack the output of the association in definite grades, even tho the goods were of such a nature that the packing was necessarily done on the premises of the respective growers. This, of course, is on the assumption that the various members are honest and willing to cooperate in getting up a dependable pack. A cooperative marketing organization is founded upon the assumption that all the members will be honest in their dealings with the association. Unless this is true in fact, a strong and permanent organization cannot be developed. The experiences of the cantaloupe growers at Turlock, California, and of the strawberry growers at Neosha, Missouri, prove that it is possible for a cooperative organization to secure a dependable pack of perishable goods even tho the packing of each member's product is done under his personal direction on his own premises.

CENTRAL PACKING PLANT

For the packing of goods which can be more expeditiously handled with the aid of somewhat elaborate or expensive equipment, and which can stand a few hours' delay in packing without serious deterioration, packing at some central point is likely to be preferable to packing on the farms of the individual growers. In the case of products in which there is a wide variation in quality between different specimens and in which two or three grades are shipped, packing the entire output of an association at one central plant is highly advantageous, and is likely to result in greater uniformity in grades than could be secured otherwise. Illinois pears, peaches, and apples could readily be handled in this manner. Many orchardists with large acreages have already introduced shed packing; and their universal testimony is strongly in favor of this method as compared with orchard packing. Sometimes part of the fruit is hauled as far as two miles to reach the shed. If the shed were located at the shipping point instead of on the farm, the total distance traveled in getting the fruit from the tree to the car would be no greater. The main difference would be that the stop-over for packing would be at a different point. If the shed were located not simply in the town but at the railway siding, the work of hauling from tree to car would really be diminished, because the fruit could be loaded directly into the car from the packing shed without the necessity of a second wagon haul.

Fruit growers who practice shed packing find it necessary to have one man in charge of the picking crew and another in charge of the packing shed. A grower experiences difficulty in trying to be at two places at the same time if he attempts to supervise both the picking and the packing. A large packing shed at the shipping point, operated by a cooperative association, would afford all the small growers of a community ample packing facilities and would enable each grower to give his undivided attention to the picking and hauling of the crop.

In localities where the shipping season is short, as for example if the product to be shipped consists entirely of Elberta peaches, it would seem hardly feasible for an association of growers to build a packing shed especially for the handling of that crop unless the shed could be rented for use as a warehouse or for some other purpose the rest of the season. In most towns, however, there is some vacant building, such as a store or warehouse, that could be rented for a short period and temporarily equipped as a packing shed. The renting of such a building would be the most feasible plan for a small association or an organization just starting.

In localities where the products to be marketed include summer, fall, and winter apples, and perhaps also Elberta peaches and Kieffer pears, the shipping season would be sufficiently long to warrant the erection of a packing shed especially for the use of the association. In this case, the shed should be located on a railway siding, if possible. If the railway company owned all the available sites, they could usually be induced to give a long term lease on sufficient land for a building if they saw that the growers' association was in a position to deliver a large volume of freight.

Such a shed could be paid for by assessments upon the members in proportion to the quantity of fruit handled for each. This would distribute the expense in proportion to the service rendered each grower. In most instances money could be borrowed by the association from the local bank to pay for the lumber and labor required to erect the shed when a good crop was in sight. A fixed amount per package could be charged as a shed fee and applied to the building fund. Under favorable conditions the shed could be paid for in one season without any special hardship to anybody.

BENEFITS FROM COOPERATIVE SELLING

The advantages to the owner of a small orchard in getting his product properly graded and packed without any worry to himself should be perfectly apparent. However, this is not the chief benefit to be derived by the grower from membership in a cooperative marketing organization. Of greater importance than the packing of the crop is its sale at a remunerative figure. A cooperative marketing organization, thru its manager, can keep advised regarding market conditions all over the country and place the fruit to much better advantage than could an individual who has only a small amount to sell. In a cooperative organization, the small grower gets the benefit of market information and expert salesmanship. The market news service now offered by the United States Bureau of Markets has greatly facilitated the securing of reliable market information by local associations.

The local association of growers at a shipping point is the proper unit of organization in a cooperative marketing enterprise. But after several locals have become established, they can affiliate to advantage in some central organization and thus secure a more intelligent distribution of their product and better representation on the markets. They may eventually be able to advertise their product under a given brand and establish its reputation with the consumers. There is no reason why Illinois apples could not be made as famous as California oranges if the same methods of standardization and

publicity were employed by a similar marketing organization of the growers.

This year it is true that Illinois fruit growers have not felt the need of any special help in marketing their products. The fruit was eagerly sought and good prices were realized in most instances. But when another season like 1915 occurs, it will be fortunate for the growers if they have previously effected a marketing organization which has established a reputation with the trade. A cooperative marketing organization can render its members good service under normal conditions; under abnormal conditions it may save them from financial ruin.

SUMMARY

The efficiency of cooperative marketing of fruit has been demonstrated in various states in the Union, including several in the Mississippi valley. The conditions affecting fruit growing and marketing in Illinois are quite similar to those in the surrounding states. There appears to be no valid reason why fruits and vegetables grown in Illinois for shipment to distant markets could not be successfully marketed thru cooperative organizations of the growers. But it must be remembered that such organizations do not run themselves. Time and thought must be spent by somebody in their development and maintenance. However, the advantages to a community to be derived from this method of marketing are worth the effort.